

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

SS-15 USIA-15 ACDA-19 IO-13 AID-20 EB-11 CIEP-02

TRSE-00 STR-08 OMB-01 CEA-02 COME-00 FRB-02 XMB-07

OPIC-12 LAB-06 SIL-01 DRC-01 /202 W

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P R 201420Z SEP 73

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC PRIORITY 6762

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY MOSCOW

USMISSION USEC BRUSSELS

C O N F I D E N T I A L HELSINKI 2476

E.O. 11652: GDS

TAGS: PFOR PINT ETRD FI EEC

SUBJECT: FINNS FINALLY DECIDE TO SIGN FREE TRADE AGREEMENT WITH EC

REF: HELSINKI 2243

BEGIN SUMMARY. THE GOF DECIDED ON SEPTEMBER 19 THAT THE FREE TRADE AGREEMENT WITH THE EC WILL BE SIGNED SHORTLY, PROBABLY NEXT WEEK, AND PROBABLY BY THE FINNISH AMBASSADOR IN BRUSSELS RATHER THAN FOREIGN MINISTER KARJALAINEN, AS EXPECTED. THE DECISION WAS MADE FOLLOWING DECISION ON THE CONTENT OF THE PROTECTION LAWS DURING THE SECOND READING IN PARLIAMENT ON SEPTEMBER 18, AND THE OVERWHELMING SUPPORT FOR THE AGREEMENT AT THE SOCIAL DEMOCRATIC PARTY COUNCIL MEETING ON SEPTEMBER 19. THE COMMUNISTS
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ARE NOW IN A DIFFICULT POSITION OF BEING DAMNED IF

THEY DO OR DO NOT OPPOSE PASSAGE OF THE PROTECTION LAWS IN FINAL VOTE DURING THE COMING WEEK.

1. THE FINNISH GOVERNMENT AT ITS SESSION LAST NIGHT, SEPTEMBER 19, DECIDED TO INSTRUCT THE FOREIGN MINISTRY TO PREPARE THE FORMAL PROPOSAL FOR THE SIGNING OF THE FREE TRADE AGREEMENT WITH THE EC. ALTHOUGH PRESIDENT KEKKONEN WILL HAVE TO AGREE TO THIS AT THE REGULAR SESSION OF THE PRESIDENT AND THE GOVERNMENT ON FRIDAY, SEPTEMBER 21, IT IS CONSIDERED THAT THE DECISION TO GO AHEAD WITH THE SIGNING IS FINAL AND DEFINITE. KEKKONEN HAS ALREADY INDICATED HIS SUPPORT IN SEVERAL WAYS.

2. THE TIMING AND METHOD OF SIGNING IS STILL NOT CLEAR. THE SPECULATION NOW IS THAT THE AGREEMENT WILL BE SIGNED FOR FINLAND BY ITS AMBASSADOR TO BELGIUM SOME TIME NEXT WEEK, RATHER THAN BY FOREIGN MINISTER KARJALAINEN. THIS MAY BE AN ATTEMPT TO "DEPOLITICIZE" THE MAKING OF THE AGREEMENT BY TRYING TO PUBLICLY TREAT IT AS A ROUTINE COMMERCIAL MATTER.

3. THE GOF WAS ABLE TO REACH THE DECISION AFTER THE SO CALLED PROTECTION LAWS HAD PASSED THEIR SECOND READING, THEREBY NAILING DOWN THEIR FINAL CONTENT, IN PARLIAMENT ON SEPTEMBER 18, AND THE SOCIAL DEMOCRATIC PARTY COUNCIL HAD MET ON SEPTEMBER 19 AND VOTED, BY 54 TO 4 IN FAVOR, TO HOLD THAT THE PROTECTION LAWS IN THEIR PRESENT FORM MET THE REQUIREMENTS LAID DOWN BY THE PARTY CONGRESS FOR ACCEPTANCE OF THE EC AGREEMENT.

4. THE SOCIAL DEMOCRATS HAVE THUS BEEN ABLE TO FIND THEIR WAY OUT OF THE CORNER INTO WHICH THEY HAD PAINTED THEMSELVES WHEN THEY TIED THE EC AGREEMENT TO THE PASSAGE OF THE PROTECTION LAWS. ALTHOUGH THE LAWS HAVE NOT ACTUALLY BEEN PASSED YET, SINCE A THIRD AND FINAL "READING" IS REQUIRED, THE SOCIAL DEMOCRATS FEEL THAT THEY HAVE ACHIEVED WHAT THEY SET OUT TO DO--GIVING THE GOVERNMENT GREATER POWERS TO CONTROL AND

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INFLUENCE THE ECONOMY AND DISTRIBUTION OF INCOME--BY SUCCEEDING IN HAVING THEIR COALITION PARTNERS AND THE OPPOSITION ON THE RIGHT ACCEPT THE PRINCIPLE OF THE LAWS.

5. WHILE THE COMMUNISTS CAN STILL DELAY THE PASSAGE OF THE LAWS BY DENYING THE GOVERNMENT THE 5/6THS MAJORITY IN PARLIAMENT REQUIRED FOR "URGENT" CONSIDERATION

AND PASSAGE, THUS LEAVING FINAL CONSIDERATION FOR THE NEXT PARLIAMENT, THE GAP CAN BE BREACHED BY TEMPORARY ONE-YEAR LAWS NEEDING ONLY AN EASILY OBTAINABLE SIMPLE MAJORITY.

6. THE QUESTION OF THE THIRD AND FINAL READING WILL COME UP EITHER ON SEPTEMBER 25 OR 28 AT THE NEXT REGULAR FULL SESSIONS OF PARLIAMENT. IF THE EC AGREEMENT HAS NOT BEEN SIGNED BY THEN, THE COMMUNISTS CAN STILL VOTE AGAINST THE PROTECTION LAWS ON THE BASIS THAT THEY ARE IN FACT VOTING AGAINST THE EC AGREEMENT, AND POSSIBLY GET AWAY WITH IT WITH THEIR OWN SUPPORTERS. IF THE AGREEMENT HAS BEEN SIGNED, OR THE PRESIDENT HAS CLEARLY ANNOUNCED THAT HE HAS INSTRUCTED IT TO BE SIGNED, THEY WILL BE FACED WITH THE QUANDARY OF LIVING UP TO THEIR THREATS TO VOTE AGAINST LAWS WHICH ARE PRIMARILY INTENDED FOR THE BENEFIT OF THE WORKING CLASS AND PUSHED BY THEIR MAIN RIVALS, THE SOCIAL DEMOCRATS. THE COMMUNISTS FORTUNATELY CANNOT BUT LOSE NO MATTER HOW THEY DECIDE TO VOTE, BECAUSE ONE OR THE OTHER OF THE MAIN FACTIONS OF THE PARTY WILL BE EXTREMELY UNHAPPY. THIS WILL STILL FURTHER DEEPEN THE ALREADY VERY SIGNIFICANT INTERNAL SPLIT IN THE PARTY, AND WILL ALSO COST THEM DEARLY IN LOSS OF SUPPORT AMONG THEIR NON-PARTY VOTERS.

7. IF INDEED FOREIGN MINISTER KARJALAINEN DOES NOT SIGN THE EC AGREEMENT, AS HAD BEEN EXPECTED, IT MAY BE DUE TO THE PREVIOUSLY MENTIONED DESIRE TO PLAY DOWN THE POLITICAL ASPECTS OF THE AGREEMENT, OR EVEN A PROBLEM IN SCHEDULES. IT COULD ALSO BE DUE TO THE SOCIAL DEMOCRATS TRYING TO DENY KARJALAINEN SOME OF THE LIMELIGHT, OR GETTING BACK AT HIM FOR HAVING CONFIDENTIAL

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PREMATURELY" ANNOUNCED A WHILE BACK THAT THE AGREEMENT WOULD BE SIGNED, THEREBY GIVING THE IMPRESSION, CORRECTLY, THAT IT IS STILL THE CENTER PARTY RATHER THAN THE SOCIAL DEMOCRATS THAT CARRIES THE MOST WEIGHT IN FINNISH POLITICS.
KREHBIEL

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